

Add Section 531.01 to the Revenue and Taxation Code to provide that a board of supervisors may authorize an assessor to not issue escape assessments when the cost of assessing and collecting taxes exceeds the taxes due.

Source: Legal Division and Property Taxes Department

Under existing law, Section 531 of the Revenue and Taxation Code provides that if any property on the local roll has escaped assessment, the assessor is required to assess the property upon discovery. Unlike the low-value ordinance exemption provided by Revenue and Taxation Code Section 155.20 and the supplemental assessment exemption provided by Revenue and Taxation Code Section 75.55, there is no direct authority for assessors to exempt any escape assessment regardless of how little the taxes owed may be. In practice many, if not most, assessors neglect to make such small escape assessments because of the administrative waste of processing such a small tax bill. Under current law, however, there is no direct authority for assessors to fail to make such assessments. As such, the Board recommends in its assessment practices surveys that counties discontinue this practice.

This proposal would allow a board of supervisors to authorize an exemption of escape assessments when the cost of assessing and collecting taxes exceeds the amount of proposed taxes. Additionally, this proposal would state that the proposed exemption will not negate the taxpayer's appeal rights as specified in Section 469. This proposal would provide legal authority for the actual assessment practice of county assessors and promote statewide uniformity, since there is currently no uniformity in the assessment practices of the counties regarding these unauthorized exemptions.

Section 531.01 is added to the Revenue and Taxation to read:

531.01. A county board of supervisors may, by ordinance, provide that no escape assessment of an appraisal unit shall be made by the assessor where that assessment would result in an amount of taxes due which is less than the cost of assessing and collecting them. In no event shall the ordinance apply to any escape assessment of an appraisal unit if the amount of taxes resulting from the escape assessment would exceed fifty dollars (\$50). When an audit discloses property subject to an escape assessment, but the escape assessment is not made pursuant to this section, the original assessment of all property of the assessee at the location of the profession, trade, or business for that year remains subject to review, equalization, and adjustment as required by Section 469.